



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

July 1, 2011

TO: Heads of All Budgeted Agencies

FROM: Benjamin Barnes, Secretary

A handwritten signature in blue ink, appearing to read "Benjamin Barnes".

SUBJECT: Budget Balancing Plan

Last night, the legislature passed House Bill 6701, An Act Concerning the Budget for the Biennium Ending June 30, 2013, which closes the \$1.6 billion deficit for the upcoming biennium resulting from the lack of ratification of the tentative agreement between the State and the State Employees Bargaining Agent Coalition. The bill requires that each agency in all branches of government submit reductions to achieve the targeted savings. Attached, please find a distribution of these reductions by agency along with the estimated position impacts. The purpose of this memorandum is to provide guidance regarding the submission of reduction proposals to achieve these savings.

Savings Targets

Agencies are required to achieve the total dollar amount of savings indicated on the attachment. You must approach this task from a functional or programmatic perspective. The budget challenge facing the state means that we can no longer afford the structure and services currently in place given the failure to ratify the tentative agreement between the State and SEBAC. Consequently, and regretfully, we must downsize state government over the biennium.

OPM analysts are available to discuss the specific appropriation and policy changes that are the basis for your agency's savings target. Agencies may submit realistic alternative savings proposals, but those alternatives must include savings that meet or exceed the target in each fund administered by the agency. Agencies should not submit options where savings overlap with other options, nor should they propose cost-shifts to other funds or agencies. To the extent possible, proposals should be designed to be implemented quickly. Options must be within the agency's discretion to implement based on current statutory requirements, which constrains alternatives. OPM is currently researching legal authority to implement reductions in the absence of changes to authorizing statutes—such as through rescission authority—and further guidance on this topic may be forthcoming.

Note that all proposals will be reviewed by OPM for budget, policy and labor issues. The Governor is required to submit a plan to the General Assembly by July 15th, so agencies should be mindful of the need to submit realistic proposals. Agencies are strongly encouraged to engage their assigned OPM budget analyst prior to submission of proposals.

Required Information

For each alternative included in your submission, you must provide the anticipated programmatic impact of the option as well as the estimated financial impact. The programmatic impact should

include a description of the proposed change, any impact to anticipated service levels or caseloads, any impact regarding compliance with federal law, mandates, or consent decrees, and should also note any state mandates that may be affected. For options involving the layoff of employees, the number of affected employees by job classification must be included.

Impact descriptions must include effective date or timing of the option and must clearly denote whether the planned change results in service elimination, delays, reductions in services or caseloads, etc. Impact on other funding sources, such as federal reimbursement, should also be noted.

Options with Position Impact

To the extent that a program, service or function is proposed for reduction or elimination, all positions associated with that function should also be proposed for reduction or elimination. Note that the cost of payouts of accruals must be factored into any savings alternatives; funds are not available centrally for these costs. As part of any submission, agencies must include savings from the elimination of vacant, funded positions and may also include savings from scheduled retirements. For each option, agencies should provide detail regarding the number of filled positions impacted by layoff, by classification. To the extent that layoffs may be required to achieve proposed savings, no notices should be delivered or executed until the agency's plan has been reviewed and approved by OPM, including both the Budget Division and the Office of Labor Relations. Once your plan is approved, agencies will be required to enter data into a layoff tracking system (application and instructions are available at <http://www.ct.gov/opm/cwp/view.asp?a=2961&Q=478780&PM=1>).

In conjunction with developing reduction proposals, agencies should also take note of the following:

Cancellation of Vacant Positions

Effective immediately, under the authority in Sections 5-214 and 5-215 of the Connecticut General Statutes, I am hereby cancelling all vacant classified positions. Governor Malloy is also directing commissioners to cancel all vacant unclassified positions. All vacant positions are to be cancelled regardless of funding; i.e., all funded and unfunded vacancies in appropriated and non-appropriated funds must be cancelled. These positions are deemed abolished as of June 30, 2011.

Automatic Refill of Positions

Effective immediately, auto refill will no longer be permitted. Any refill of positions after June 30, 2011 must go through the OPM approval process on a position-by-position basis.

Temporary Worker Retirees

Agencies should evaluate current Temporary Worker Retiree assignments for continued necessity. Note that OPM is evaluating current use of TWRs on an individual basis and agencies may be directed to end these assignments. While we understand that there are situations which may warrant the use of this class, agencies should not submit requests for these positions in the absence of a critical need.

Submission

Reduction proposals should be submitted using OPM's budget software. Instructions and a link to the application are available at <http://www.ct.gov/opm/cwp/view.asp?a=2961&Q=482270&PM=1>. **Reduction proposals are due to OPM no later than Friday, July 8, 2011.** Exceptions to this deadline will not be granted due to the requirement that the Governor submit a plan to the legislature by July 15th. Agencies are strongly encouraged to submit high-priority options early to facilitate expedited review and approval. Submit a signed original plus one additional hard copy following the electronic submittal to the OPM Budget Division.

Questions should be directed to the agency's assigned OPM analyst.

Xc: Paul Potamianos, OPM Budget Division

Linda Yelmini, OLR

Agency Fiscal Officers

Agency HR Directors